## STATE RISK MANAGEMENT WORKERS COMPENSATION FUND INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2006

|  |                           |                     | Г                   |                     |                       |                           |                     |                     |                       | Current                   | Prior Year          | 3 Years             | 5 Years        |                       |                           |            |                   |
|--|---------------------------|---------------------|---------------------|---------------------|-----------------------|---------------------------|---------------------|---------------------|-----------------------|---------------------------|---------------------|---------------------|----------------|-----------------------|---------------------------|------------|-------------------|
|  | September-06              |                     |                     |                     |                       | August-06                 |                     |                     |                       | July-06                   |                     |                     |                | FYTD                  | FY06                      | Ended      | Ended             |
|  | Allocat                   |                     |                     |                     | Month                 |                           |                     | Allocation Month    |                       |                           | Allocation          |                     | Month          | 15                    | 1.00                      |            | 6/30/2006         |
|  | Market Value              | Actual              | Policy              | Net ROR             | Net ROR               | Market Value              | Actual              | Policy              | Net ROR               | Market Value              | Actual              | Policy              | Net ROR        | Net                   | Net                       | Net        | Net               |
| LARGE CAP DOMESTIC EQUITY                            |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| Structured Growth                                    | 457.740                   | 4.00/               | 4.00/               | 4.000/              | 0.000/                | 440.054                   | 0.00/               | 4.00/               | 0.400/                | 444.004                   | 0.70/               | 4.00/               | 0.700/         | 4.000/                | 44.400/                   | N1/A       | N1/A              |
| Los Angeles Capital                                  | 157,718<br><b>157,718</b> | 4.0%<br><b>4.0%</b> | 4.2%<br><b>4.2%</b> | 1.60%               | 3.26%<br><b>3.26%</b> | 148,251<br><b>148,251</b> | 3.8%<br><b>3.8%</b> | 4.2%<br><b>4.2%</b> | 2.18%<br><b>2.18%</b> | 141,381<br><b>141,381</b> | 3.7%<br><b>3.7%</b> | 4.2%<br><b>4.2%</b> | -3.70%         | 1.60%<br><b>1.60%</b> | 11.12%<br><b>11.12</b> %  | N/A<br>N/A | N/A<br><b>N/A</b> |
| Total Structured Growth Russell 1000 Growth          | 157,716                   | 4.0%                | 4.2%                | 3.94%               | 2.75%                 | 140,231                   | 3.0%                | 4.2%                | 3.12%                 | 141,301                   | 3.170               | 4.2%                | -1.90%         | 3.94%                 | 6.12%                     | N/A<br>N/A | N/A<br>N/A        |
|  |                           |                     |                     | 3.3470              | 2.7570                |                           |                     |                     | J. 12 /0              |                           |                     |                     | -1.3070        | 3.3470                | 0.12 /0                   | 10/7       | IVA               |
| Structured Value<br>LSV                              | 173,783                   | 4.4%                | 4.2%                | 4.90%               | 1.86%                 | 165,561                   | 4.3%                | 4.2%                | 0.96%                 | 159,836                   | 4.2%                | 4.2%                | 2.02%          | 4.90%                 | 15.05%                    | N/A        | N/A               |
| Russell 1000 Value                                   | 173,763                   | 4.4 /0              | 4.2 /0              | 6.22%               | 1.99%                 | 105,501                   | 4.3 /0              | 4.2 /0              | 1.67%                 | 139,030                   | 4.2 /0              | 4.2 /0              | 2.43%          | 6.22%                 | 12.10%                    | N/A<br>N/A | N/A               |
|  |                           |                     |                     | 0.2270              | 1.0070                |                           |                     |                     | 1.01 /0               |                           |                     |                     | 2.1070         | 0.2270                | 12.1070                   | 1,071      | 74/71             |
| Russell 1000 Enhanced Index LA Capital               | 314,595                   | 8.0%                | 8.3%                | 3.71%               | 2.73%                 | 297,229                   | 7.7%                | 8.3%                | 2.09%                 | 283,740                   | 7.5%                | 8.3%                | -1.11%         | 3.71%                 | 11.58%                    | N/A        | N/A               |
| Russell 1000   | 314,333                   | 0.0 /6              | 0.5 /6              | 5.06%               | 2.37%                 | 231,223                   | 1.1 /0              | 0.5 /6              | 2.40%                 | 203,740                   | 1.5/0               | 0.5 /6              | 0.22%          | 5.06%                 | 9.08%                     | N/A        | N/A               |
| S&P 500 Enhanced Index                               |                           |                     |                     | 0.0070              | 2.0770                |                           |                     |                     | 2.1070                |                           |                     |                     | 0.2270         | 0.0070                | 0.0070                    | 1,071      | 74/71             |
| Westridge  | 335.928                   | 8.6%                | 8.3%                | 5.75%               | 2.60%                 | 356,910                   | 9.3%                | 8.3%                | 2.41%                 | 339,611                   | 9.0%                | 8.3%                | 0.65%          | 5.75%                 | 8.77%                     | N/A        | N/A               |
| S&P 500  | 333,320                   | 0.070               | 0.570               | 5.67%               | 2.58%                 | 330,310                   | 3.570               | 0.5 /0              | 2.38%                 | 333,011                   | 3.0 /0              | 0.5 /0              | 0.62%          | 5.67%                 | 8.63%                     | N/A        | N/A               |
| Index  |                           |                     |                     |                     | ,                     |                           |                     |                     | ,                     |                           |                     |                     | 2.22/0         | 2.2.70                |                           |            |                   |
| State Street   | 116,697                   |                     |                     | 5.78%               | 2.76%                 | 110,252                   |                     |                     | 2.06%                 | 105,232                   |                     |                     | 0.85%          | 5.78%                 | 9.51%                     | N/A        | N/A               |
| Total Index  | 116,697                   | 3.0%                | 2.8%                | 5.78%               | 2.76%                 | 110,252                   | 2.9%                | 2.8%                | 2.06%                 | 105,232                   | 2.8%                | 2.8%                | 0.85%          | 5.78%                 | 9.51%                     | N/A        | N/A               |
| S&P 500  | ,                         |                     | ,                   | 5.67%               | 2.58%                 | ,                         |                     |                     | 2.38%                 | ,                         | ,                   | ,                   | 0.62%          | 5.67%                 | 8.63%                     | N/A        | N/A               |
| TOTAL LARGE CAP DOMESTIC EQUITY                      | 1,098,721                 | 28.1%               | 27.8%               | 4.49%               | 2.66%                 | 1,078,204                 | 28.0%               | 27.8%               | 2.02%                 | 1,029,800                 | 27.2%               | 27.8%               | -0.24%         | 4.49%                 | 10.95%                    | N/A        | N/A               |
| S&P 500  | 1,096,721                 | 20.1%               | 27.0%               | <b>4.49</b> % 5.67% | 2.58%                 | 1,076,204                 | 20.0%               | 27.0%               | 2.38%                 | 1,029,000                 | 21.2%               | 27.0%               | 0.62%          | 5.67%                 | 8.63%                     | N/A<br>N/A | N/A<br>N/A        |
| 387 300  |                           |                     |                     | 3.07 /8             | 2.5076                |                           |                     |                     | 2.3070                |                           |                     |                     | 0.02 /0        | 3.07 /8               | 0.0376                    | 17/7       | IVA               |
| SMALL CAP DOMESTIC EQUITY                            |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| Manager-of-Managers                                  |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| SEI  | 361,694                   | 9.2%                | 9.3%                | -0.01%              | 1.39%                 | 360,478                   | 9.3%                | 9.3%                | 2.29%                 | 332,902                   | 8.8%                | 9.3%                | -3.59%         | -0.01%                | 13.58%                    | N/A        | N/A               |
| Russell 2000 + 200bp                                 |                           |                     |                     | 0.94%               | 1.00%                 |                           |                     |                     | 3.13%                 |                           |                     |                     | -3.09%         | 0.94%                 | 16.86%                    | N/A        | N/A               |
| TOTAL SMALL CAP DOMESTIC EQUITY                      | 361,694                   | 9.2%                | 9.3%                | -0.01%              | 1.39%                 | 360,478                   | 9.3%                | 9.3%                | 2.29%                 | 332,902                   | 8.8%                | 9.3%                | -3.59%         | -0.01%                | 13.58%                    | N/A        | N/A               |
| Russell 2000   |                           |                     |                     | 0.44%               | 0.83%                 |                           |                     |                     | 2.96%                 | ·                         |                     |                     | -3.25%         | 0.44%                 | 14.58%                    | N/A        | N/A               |
|  |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| DOMESTIC FIXED INCOME                                |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| Core Bond  | 000.400                   | 00.00/              | 00.70/              | 4.450/              | 0.000/                | 202 222                   | 00.00/              | 00.70/              | 4.040/                | 200.050                   | 04.40/              | 00.70/              | 4.070/         | 4.450/                | 0.000/                    | AL/A       | N1/A              |
| Western Asset  | 806,190                   | 20.6%               | 20.7%               | <b>4.45%</b> 3.81%  | <b>0.90%</b><br>0.88% | 806,880                   | 20.9%               | 20.7%               | <b>1.81%</b> 1.53%    | 800,252                   | 21.1%               | 20.7%               | 1.67%<br>1.35% | <b>4.45%</b><br>3.81% | - <b>0.90</b> %<br>-0.81% | N/A<br>N/A | N/A<br>N/A        |
| Lehman Aggregate                                     |                           |                     |                     | 3.01/0              | 0.00%                 |                           |                     |                     | 1.55/6                |                           |                     |                     | 1.33/0         | 3.01/0                | -0.0176                   | IWA        | IV/A              |
| Core Plus/Enhanced                                   | 405.057                   | 4.00/               | 4.00/               | NI/A                | 4 000/                | 400.700                   | 4.00/               | 4.00/               | 4 400/                | 400 700                   | 4.00/               | 4.00/               | NI/A           | NI/A                  | NI/A                      | NI/A       | NI/A              |
| Clifton Group<br>Prudential                          | 185,957<br>183,881        | 4.8%<br>4.7%        | 4.8%<br>4.8%        | N/A<br>N/A          | 1.09%<br>1.42%        | 183,769<br>181,887        | 4.8%<br>4.7%        | 4.8%<br>4.8%        | 1.49%<br>N/A          | 182,782                   | 4.8%<br>0.0%        | 4.8%<br>0.0%        | N/A<br>N/A     | N/A<br>N/A            | N/A<br>N/A                | N/A<br>N/A | N/A<br>N/A        |
| Total Core Plus/Enhanced                             | 369,837                   | 9.5%                | 9.6%                | N/A                 | 1.42%                 | 365,656                   | 9.5%                | 9.6%                | 1.49%                 | 182,782                   | 4.8%                | 4.8%                | N/A            | N/A                   | N/A                       |            | N/A               |
| Lehman Aggregate                                     | 303,037                   | 3.3 /6              | 3.076               | 3.81%               | 0.88%                 | 303,030                   | 3.3 /6              | 3.0 /6              | 1.53%                 | 102,702                   | 4.0 /0              | 4.0 /6              | 1.35%          | IV/A                  | 13/7                      | 11/7       | IVA               |
|  | 1                         |                     |                     | 0.0170              | 0.0076                |                           |                     |                     | 1.55/6                |                           |                     |                     | 1.00 /0        |                       |                           |            |                   |
| Index  | 354.587                   | 0.49/               | 0.00/               | 3.10%               | 0.92%                 | 350.972                   | 0.40/               | 0.00/               | 1.05%                 | E20 244                   | 44.00/              | 13 00/              | 1.09%          | 3.10%                 | -1.14%                    | N/A        | N/A               |
| Bank of ND<br>Lehman Gov/Credit (1)                  | 354,587                   | 9.1%                | 9.0%                | 3.10%               | 0.92%                 | 350,972                   | 9.1%                | 9.0%                | 1.05%<br>1.58%        | 530,341                   | 14.0%               | 13.8%               | 1.09%          | 3.10%<br>3.91%        | -1.14%<br>-1.52%          | 1.04%      | N/A<br>4.78%      |
| 1 /  |                           |                     |                     | 3.9170              | 0.3076                |                           |                     |                     | 1.5076                |                           |                     |                     | 1.5076         | 3.3170                | -1.02 /0                  | 1.0470     | 4.70%             |
| BBB Average Quality                                  | 005.070                   | 20.00/              | 20.70/              | 4.60%               | 4.000/                | 005 400                   | 20.00/              | 20.70/              | 4.070/                | 707.045                   | 24.40/              | 20.70/              | 4 500/         | 4.60%                 | -2.11%                    | N/A        | NI/A              |
| Wells Capital (formerly Strong) Lehman US Credit BAA | 805,972                   | 20.6%               | 20.7%               | 4.80%               | 1.06%<br>1.13%        | 805,423                   | 20.9%               | 20.7%               | 1.97%<br>2.02%        | 797,615                   | 21.1%               | 20.7%               | 1.50%<br>1.58% | 4.80%                 | -2.11%<br>-2.37%          | -          | N/A<br>N/A        |
| Lenman 03 Orean DAA                                  |                           |                     |                     | 4.00 /0             | 1.1370                |                           |                     |                     | 2.02 /0               |                           |                     |                     | 1.5076         | 4.00 /8               | -2.51 /0                  | 17/7       | IVA               |
| TOTAL DOMESTIC FIXED INCOME                          | 2,336,586                 | 59.7%               | 60.0%               | 4.28%               | 1.01%                 | 2,328,932                 | 60.4%               | 60.0%               | 1.76%                 | 2,310,989                 | 61.0%               | 60.0%               | 1.45%          | 4.28%                 | -1.39%                    | N/A        | N/A               |
| Lehman Aggregate (2)                                 | ,,                        |                     |                     | 3.81%               | 0.88%                 | ,,                        |                     |                     | 1.53%                 | ,,                        |                     |                     | 1.35%          | 3.81%                 | -0.81%                    | N/A        | N/A               |
|  |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| CASH EQUIVALENTS                                     |                           |                     |                     |                     |                       |                           |                     |                     |                       |                           |                     |                     |                |                       |                           |            |                   |
| Bank of ND   | 115,196                   | 2.9%                | 3.0%                | 1.35%               | 0.42%                 | 88,000                    | 2.3%                | 3.0%                | 0.47%                 | 113,662                   | 3.0%                | 3.0%                | 0.45%          | 1.35%                 | 4.50%                     | -          | N/A               |
| 90 Day T-Bill  |                           |                     |                     | 1.33%               | 0.46%                 |                           |                     |                     | 0.44%                 |                           |                     |                     | 0.42%          | 1.33%                 | 4.00%                     | N/A        | N/A               |
| TOTAL RISK MANAGEMENT FUND                           | 3,912,197                 | 100.0%              | 100.00/             | 3.87%               | 1.49%                 | 3,855,614                 | 100 00/             | 100 00/             | 1.84%                 | 3,787,352                 | 100.0%              | 100 00/             | 0.50%          | 3.87%                 | 3.25%                     | N/A        | N/A               |
| POLICY TARGET BENCHMARK                              | 3,912,197                 | 100.0%              | 100.0%              | 3.94%               | 1.49%                 | 3,033,014                 | 100.0%              | 100.0%              | 1.84%                 | 3,707,352                 | 100.0%              | 100.0%              | 0.50%          | 3.87%                 | 3.25%                     | N/A<br>N/A | N/A<br>N/A        |
| I OLIOT TANGET DENOMINARA                            | L                         |                     |                     | J.J4/0              | 1.33/0                |                           |                     |                     | 1.01/0                | l                         |                     |                     | 0.09/0         | 5.54/0                | 3.31%                     | IV/A       | IV/A              |

NOTE: Monthly returns and market values are preliminary and subject to change.

<sup>(1)</sup> From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

<sup>(2)</sup> Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.